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**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM**  
**BOARD OF ADMINISTRATION**  
**MINUTES OF MEETING**  
**November 15, 2007**

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A meeting of the Board of Administration was held on Thursday, November 15, 2007, CalPERS Auditorium, Lincoln Plaza North, 400 Q Street, Sacramento, California.

The meeting was called to order at 9:14 a.m. by President Rob Feckner.

The Secretary called the roll and the following Board members were present:

Rob Feckner, President  
Robert Carlson  
Marjorie Berte  
John Chiang  
George Diehr  
Debbie Endsley representing David Gilb  
Steve Coony representing Bill Lockyer  
Priya Mathur  
Tony Oliveira  
Kurato Shimada  
Maeley Tom  
Charles Valdes

Excused: Michael Quevedo

### **AGENDA ITEM 3 – APPROVAL OF MEETING MINUTES**

**ON MOTION** by Ms. Mathur, **SECONDED** and **CARRIED**, the Board approved the October Board meeting minutes. Ms. Berte abstained.

### **AGENDA ITEM 4 – CHIEF INVESTMENT OFFICER REPORT**

Russell Read, Chief Investment Officer, presented this report.

Significant weakening in key sectors of the economy has occurred. Residential housing has shifted from relative softness to a more serious matter. US stocks have weakened due to the major mortgage-related write-downs among financial services companies. The dollar stands at record lows versus the Euro.

Commodities have soared nearly 24 percent, with strong gains in fixed income and private equity. CalPERS domestic bond portfolio has increased by 5.3 percent in value, while international bonds have increased by 12.8 percent. Private equity managed in the AIM Program has increased in value by 11.7 percent. International stocks have eked out a gain of 1.4 percent.

The value of the Public Employees' Retirement Fund has fallen by 3.2 percent or \$8.2 billion to \$250.9 billion since our last October Board meeting. For the fiscal year beginning July 1, the PERF has gained 1.7 percent for \$4.1 billion.

## **AGENDA ITEM 5 – INVESTMENT COMMITTEE**

Charles Valdes, Chair, Investment Committee, presented the Committee Summary report to the Board. The Committee met on Tuesday, November 13, 2007.

Additional information may be found in the November 13, 2007 agenda materials and/or transcripts of the Committee meeting.

The Board accepted the Committee Summary report (attached).

The next Committee meeting is scheduled for December 17, 2007 in Sacramento California.

## **AGENDA ITEM 6 – BENEFITS AND PROGRAM ADMINISTRATION COMMITTEE**

Kurato Shimada, Chair, Benefits and Program Administration Committee, presented the Committee Summary report to the Board. The Committee met on Wednesday, November 14, 2007.

Additional information may be found in the November 14, 2007 agenda materials and/or transcripts of the Committee meeting.

The next meeting of the Committee is scheduled for December 18, 2007 in Sacramento California.

## **AGENDA ITEM 7 – HEALTH BENEFITS COMMITTEE**

George Diehr, Chair, Health Benefits Committee, presented the Committee Summary report to the Board. The Committee met on Wednesday, November 14, 2007

Additional information may be found in the November 14, 2007 agenda materials and/or transcripts of the Committee meeting.

On motions by the Committee, the Board approved the following:

- ❖ Selection of Watson Wyatt Worldwide as the finalist and further direct that staff begin contract negotiations for RFP # 2007-4365, and in the event that staff, in its discretion, concludes negotiations are unsuccessful, staff should begin contract negotiations with the next highest scoring finalist, AON Consulting, until agreement is reached.

The next meeting of the Committee is scheduled for December 18, 2007 in Sacramento California.

## **AGENDA ITEM 8 – FINANCE COMMITTEE**

Robert Carlson, Chair, Finance Committee, presented the Committee Summary report to the Board. The Committee met on Tuesday, November 13, 2007

Additional information may be found in the November 13, 2007 agenda materials and/or transcripts of the Committee meeting.

On motions by the Committee, the Board approved the following:

- ❖ Draft basic financial statements, with the incorporated clarifying statement, as audited by Macias, Gini, & O'Connell, LLP for the year ending June 30, 2007, and letter of transmittal.
- ❖ Transmittal letter and submission of the Budget and Expenditure Report for the first quarter, fiscal year 2007-08, to the Joint Legislative Budget Committee, fiscal committees of the Legislature, State Controller, and Department of Finance, in accordance with the Budget Act of 2007, and to the Legislative Analyst's Office, State and Consumer Services Agency, and the Office of the Legislative Council.
- ❖ CalPERS fiscal year 2007-08 mid year increase of \$10,113,000 and 49 positions for a total administrative budget of \$326,419,948 and 2,212 positions as a first reading; CalPERS fiscal year 2007-08 mid year increase of \$18,369,000 to the Enterprise Projects budget for a total of \$101,925,972 as a first reading; transmittal to the Joint Legislative Budget Committee and the fiscal committees of the Legislature, State Controller, and Department of Finance, in accordance with fiscal year 2007-08 Budget Act, and to the Legislative Analyst's Office and State and Consumer Services Agency.
- ❖ 2008 Finance Committee meeting calendar

The next Committee meeting is scheduled for December 14, 2007 in Sacramento, California.

## **AGENDA ITEM 9 – PERFORMANCE AND COMPENSATION COMMITTEE; and AGENDA ITEM 10 – AD HOC BOARD ELECTIONS COMMITTEE**

There was no meetings held this month.

## **AGENDA ITEM 11– BOARD MEETING CALENDAR**

Fred Buenrostro reported the deletion of the collaboration between the Toigo Foundation and CalPERS/CalSTRS conference. That conference has been cancelled.

Mr. Diehr asked to include revisions dates on the calendar.

The PEBC meeting November 30 meeting has been cancelled. The next PEBC meeting will be December 7 in San Diego.

## **AGENDA ITEM 12– CHIEF EXECUTIVE OFFICER'S REPORT**

Fred Buenrostro reported on the Employer Conference held last month in Anaheim with more than 700 employer representatives in attendance and thanked the Board for their participation.

CalPERS was given an award by the New America Alliance, a trade association of Latino businessmen and women. CalPERS was honored for unfailing commitment to diversity in the work force and marketplace.

Dennis Johnson, Senior Portfolio Manager in Corporate Governance, testified before the US Senate Committee on Banking, Housing, and Urban Affairs. Dennis urged federal regulators and the SEC to delay action on proxy access until there is a full five-member bipartisan commission and was joined by representatives from the Council of Institutional Investors and International Corporate Governance Network.

### **AGENDA ITEM 13 – BOARD’S STATE LEGISLATIVE PROGRAM/BOARD’S POSITION ON STATE LEGISLATION**

Wendy Notsinne, Chief, Governmental Affairs, reported the Assembly Health Committee passed out AB 1X. There are no negative impacts as AB 1X stands presently.

### **AGENDA ITEM 14 – BOARD’S FEDERAL LEGISLATIVE PROGRAM/BOARD’S POSITION ON FEDERAL LEGISLATION**

Tom Lussier, CalPERS Federal Legislative Liaison, provided an update on the following issues:

- Subcommittee on Securities, Insurance, and Investments of the Senate Banking Committee
- Subcommittee on Social Security, Pensions, and Family Policy of the Senate Committee on Finance
- Proxy Access
- Public Sector HealthCare Roundtable

### **AGENDA ITEM 15 – PROPOSED DECISIONS OF ADMINISTRATIVE LAW JUDGES**

**ON MOTION** by Ms. Mathur, **SECONDED** and **CARRIED**, the Board adopted staff’s recommendation on Item 15 A. Ms. Berte abstained.

**ON MOTION** by Ms. Mathur, **SECONDED** and **CARRIED**, the Board adopted staff recommendation on Item 15 B.

### **AGENDA ITEM 16 – GENERAL COUNSEL’S REPORT**

Peter Mixon reported the new case report and matrix before the Board for consideration.

### **AGENDA ITEM 17 – BOARD TRAVEL APPROVALS**

No requests submitted.

### **AGENDA ITEM 20 – DRAFT AGENDA FOR DECEMBER 19, 2007 MEETING**

The draft agenda was accepted.

There being nothing further to come before the Board of Administration, the meeting adjourned at 10:05 am.